

A photograph of a sandy beach. In the center, a sandcastle is built in the shape of a palm tree, with a long, textured trunk and a wide, flat top made of many small, pointed sticks. To the left of the sandcastle, a thin, curved object, possibly a piece of driftwood or a shell, lies on the sand. To the right, a small, smooth, light-colored seashell is visible. In the bottom right corner, there are several colorful seashells, including a large, multi-colored one and a smaller, reddish one. The background is a vast, flat expanse of sand.

SOUTH CAROLINA PROPERTY INSURANCE FORUM

**JUNE 23-24, 2005
CHARLESTON, SOUTH CAROLINA**

A LETTER FROM THE GOVERNOR

Dear Friend,

South Carolina is a magnet for those seeking a beautiful place to live, great jobs and numerous family and recreational opportunities. We've got a unique quality of life that other states simply can't compete with, and each year, more and more people who visit our state choose to make it their home.

With so many folks coming to our state, there is a challenge, particularly in the coastal areas, to make sure that insurance coverage is both available and affordable. While South Carolina will never be immune from the natural hazards that come with being a coastal state, we are addressing these challenges with a whole host of different strategies and initiatives.

The South Carolina Property Insurance Forum is primarily about letting insurers not currently writing property insurance in South Carolina know about the benefits of doing business here. I, along with the General Assembly and the Department of Insurance, recognize that a healthy insurance industry is essential to a strong economy and expanded growth and development. We are committed to working with friends in the private sector to find solutions that work for all of us and, to that end, I invite you to join us June 23rd and 24th in Charleston to learn more about the opportunities in South Carolina.

I hope you'll pay us a visit.

Sincerely,



Mark Sanford
Governor



A LETTER FROM THE DIRECTOR

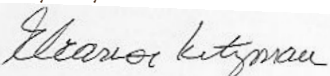
Dear Colleague,

Smiling Faces, Beautiful Places. While you may not know our state slogan, you've probably heard what a pretty state South Carolina is and how nice the people are. But you may not know that it is a great place to do business, too. Many companies have recently located in South Carolina, ranging from Fortune 500 corporations, such as BMW, Fuji, Blackbaud, Sonoco and Michelin, to smaller service-oriented businesses.

And insurance is no exception. Over 175 insurers have entered South Carolina since 1997 when we began our deregulation initiative. To be successful in the insurance business, you need to have solid fundamentals and good relationships with your stakeholders – agents, customers, regulators and legislators. This Forum will provide you with information, resources and contacts in both of those areas.

I look forward to seeing you in Charleston on June 23rd and 24th.

Very Truly Yours,



Eleanor Kitzman
Director of Insurance



A REPUTATION BUILT ON SUCCESS

2005 – Tort Reform

Governor Mark Sanford signed into law H. 3008, a major tort reform initiative. Upon signing the bill, Governor Sanford remarked, "Our state's business climate just got a lot friendlier." The new law provides for a \$350,000 cap on non-economic damages, reduces forum shopping, limits joint and several liability, reduces post-judgment interest from 12% to prime + 4%, reduces the statute of repose from 13 to 8 years, and imposes sanctions on attorneys who file frivolous lawsuits.

2004 – Property Insurance Deregulation

Passage of S. 686, the Personal Lines Rate Modernization Act, was the top legislative priority for the Department in 2004. This law provides for flex rating (+/- 7% overall) for fire, allied lines and homeowners insurance on a file and use basis. The law also provides that the Director may declare a line of business to be competitive, in which case all rate changes would be file and use.

2003 – Expansion of Coastal Territory

H. 3008 gives the Director the authority and flexibility to expand the South Carolina Wind and Hail Underwriting Association's territory to include seacoast counties for a period of up to two years.

2002/2000 – Commercial Lines Deregulation

Beginning in 2000, certain commercial lines policies were exempted from strict prior approval for rates and forms. Policies for which combined annual premiums exceed \$50,000 are now handled on a file and use basis.

2000 – Named Storm or Wind/Hail Deductible

Regulation 69-56 sets forth the requirements for offering and writing named storm and/or separate wind/hail deductibles in property policies.

1999 – Automobile Insurance Deregulation

Although signed into law in 1997, Act 154 did not fully take effect until March 1, 1999, when insurers were allowed to use their own rates, underwriting rules and forms for the first time in over 25 years. This legislation represented a major reform of the automobile insurance delivery system in South Carolina and was designed to increase competition, thereby lowering costs and providing choices to consumers. The success of Act 154 has been an inspiration for subsequent deregulation efforts, both in South Carolina and in other states.

1997 – Building Codes

The Statewide Building Codes Act provides for both the strengthening of building codes and the enforcement of those codes. The Loss Mitigation Grant Program and Training Grant Program provided over \$500,000 in seed funds to counties and municipalities to establish building codes programs and to train building code enforcement officers. All projects funded through these grants continue to operate today.



SOUTH CAROLINA'S INSURANCE MARKETPLACE

Mitigation

Risk can't be eliminated and, if it could, there would be no need for insurance. But, it can be managed through a variety of means. Rigorous building codes are the heart of a serious mitigation program and South Carolina has been relentless in upgrading and enforcing its codes, both residential and commercial, especially in coastal communities. If it is built on the coast in South Carolina, it is built to last.

South Carolina also protects its citizens and insurers from coastal exposure with one of the most efficient, cost-effective residual property markets in the country. The South Carolina Wind and Hail Underwriting Association provides coverage and protects insurers for a 1-in-100 year event. (Hurricane Hugo was a 1-in-58 year event.)

"Hugo, Andrew and recent events in Florida taught us many valuable lessons, not the least of which was the importance of enforcing strong building codes. South Carolina has been at the forefront of these efforts and we see the positive effects in our underwriting results on a daily basis."

Reggie Gallant ■ Vice President— Agency ■ State Farm Insurance Companies



Regulation

Firm, but fair and, of course, friendly, is the best way to describe South Carolina's approach to regulation. We believe that consumers are best served and protected by a healthy, competitive insurance marketplace, so we focus on transparency, disclosure and solvency. This thorough, but common-sense attitude allows us, as regulators, to leverage the private sector to achieve our goal of consumer protection without unnecessarily burdening industry. Our insurers frequently complain that they wish South Carolina were a bigger state so they could write more business.

"South Carolina has put its money where its mouth is when it comes to rate modernization and deregulation, first with private passenger automobile in 1999, commercial lines in 2000 and again in 2002, and property in 2005. If only more states were like South Carolina."

Cliff Butler ■ Assistant Vice President ■ Allstate Insurance Company

Competition

South Carolina is open for business. From the Governor to the General Assembly to the Department of Insurance, there is a universal mindset in South Carolina that competition and free markets are critical components of the solution to most problems, including insurance. Any insurer, large or small, multi-line or niche, with an innovative strategy, fair price and entrepreneurial spirit can find a market in South Carolina— and the resources and support to develop a long-term, profitable book of business.

"South Carolina provides us the flexibility to execute our business model and the opportunity to make a reasonable profit, which is all any insurer can expect. We could not be more pleased with our association with South Carolina."

Joseph P. Lacher ■ CEO ■ Travelers Personal Lines



FORUM ITINERARY

Thursday, June 23, 2005

6:00-7:30 p.m.

Opening Reception

Dinner on your own

Friday, June 24, 2005

8:00-8:45 a.m.

Registration and Continental Breakfast

8:45 a.m.-3:15 p.m.

Director Eleanor Kitzman officially begins the Forum with a welcome and overview of the Department's philosophy and strategy for becoming the most responsive market in the Southeast, if not the nation, for insurance and financial services.

Moving into more specific avenues of discussion, speakers and panelists from the industry, regulatory and legislative arena will discuss the history of the property and casualty market in South Carolina, the remarkable strides made in recent years with deregulation, building code enforcement and mitigation devices and the changes on the horizon that will reinforce South Carolina's position as a market leader.

12:00-1:30 p.m.

Lunch and Speaker

Scheduled Breaks: 10:00-10:15 a.m.

3:00-3:15 p.m.

3:15-4:00 p.m.

Closing Remarks

We will recap the highlights of the Forum with a question and answer session, and closing remarks from the Director and our esteemed partners.



GENERAL INFORMATION

Hotel Accommodations

Please register via enclosed Registration form

(Room Block cut off is May 27, 2005)

Meeting Registration and Hotel Reservation Information enclosed.

Charleston Place

205 Meeting Street

Charleston, SC 29401

Phone: 843-724-8410

Fax: 843-772-6952



Travel and Leisure Magazine

ranked Charleston Place, an Orient Express Hotel, #29 on its list of top

hotels in the continental United States and Canada. A perfect blend of 18th century style and 21st century comfort, Charleston Place is situated in the heart of Charleston, South Carolina, one of America's oldest cities.

Special Services

If you require special accommodations or food preparation to fully participate, please attach a brief written description of your needs and attach with your reservation form.

Attire

Dress for the Forum is business casual.

Questions

If you have questions, please call Ann Roberson at the South Carolina Department of Insurance at 803-737-6207 or by e-mail at aroberson@doi.state.sc.us.

Opening Reception

The Forum begins with a reception in the Charleston Place Courtyard on Thursday evening from 6:00-7:30. If you are new to the South Carolina market or interested in expanding your business, this is an opportunity to get to know some of the people who can help you along the way.

The South Carolina Difference

- Great location/quality of life
- Progressive regulatory environment
- Regulatory staff dedicated to expanding insurance markets
- Low cost of doing business
- Exceptional recreational activities
- Easily accessible by automobile or air travel
- Central, east coast location